

OPEN MEETING ITEM



MEMORANDUM

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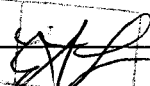
2015 JAN 28 P 3:44

TO: THE COMMISSION
FROM: THE UTILITIES DIVISION
DATE: JANUARY 28, 2015
SUBJECT: FOUR CORNERS RATE RIDER
DOCKET NO. E-01345A-11-0224

ALJ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JAN 28 2015

DOCKETED BY 

On December 23, 2014, the Commission entered Decision No. 74876 in Docket E-01345A-11-0224 approving a Four Corners Rate Rider.

On January 9, 2015, the Arizona School Boards Association and the Arizona Association of School Business Officials ("School Associations") filed an application for rehearing of Decision No. 74846. On January 22, 2015, the Commission granted rehearing for the limited purpose of allowing more time for further consideration of the School Associations' request that would have otherwise been deemed denied by operation of law.

The School Associations argue that the Decision is unlawful for two reasons. First, according to the School Associations, the Decision approves a revenue increase of \$57.05 million but makes no finding of fair value as required by Art. 15, § 14 of the Arizona Constitution.

Staff notes that the rate case remained open pending the filing by APS of its Four Corners Rate Rider application. The fair value rate base in Decision No. 78183 is \$8,167,126,000. The Four Corners acquisition resulted in a \$225,933,911 addition to the FVRB found in Decision No. 78183. Thus, the total FVRB rate base including the Four Corners acquisition is \$8,393,059,911.

Second, the School Associations allege that the rate increase is unlawful because there was no analysis in Decision No. 74876 or discussion regarding the financial information submitted by APS and specifically no discussion about APS' earnings.

Staff notes that APS submitted updated financial information related to the Four Corners acquisition as required by Decision No. 78183. Contrary to the School Associations' argument, the Staff and others reviewed and analyzed all of the information submitted by APS. The conclusions regarding this analysis were presented at the evidentiary hearing on this matter, and considered by the ALJ.

Accordingly, Staff recommends that the Commission grant rehearing for the sole purpose of clarifying the two points raised by the School Associations. Staff recommends that the Commission include the following two findings of fact to clarify the points raised in the School Associations' request:

1. The Four Corners acquisition results in a \$225,933,911 addition to the FVRB of \$8,167,126,000 found in Decision No. 78183, for a total FVRB of \$8,393,059,911.
2. Contrary to the School Associations' argument at page 3 of its request for rehearing, APS filed updated financial information related to the Company's earnings and return. The Commission and Staff carefully considered that updated information in this matter. No party, including the School Associations, challenged APS's updated numbers or offered any alternative calculations for the Commission to consider.

Staff further recommends that all other findings and requirements of Decision No. 74876 remain unchanged and in effect.



Steven M. Olea
Director
Utilities Division

SMO/MAS/klc

Originator: Maureen Scott

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH – Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY
FOR A HEARING TO DETERMINE THE
FAIR VALUE OF THE UTILITY PROPERTY
OF THE COMPANY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND
REASONABLE RATE OF RETURN
THEREON, AND TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN.

DOCKET NO. E-01345A-11-0224

DECISION NO. _____

ORDER GRANTING REHEARING

Open Meeting
February 3rd and 4th, 2015
Phoenix, Arizona

BY THE COMMISSION:

On December 23, 2014, the Commission entered Decision No. 74876 in Docket E-01345A-11-0224 approving a Four Corners Rate Rider.

On January 9, 2015, the Arizona School Boards Association and the Arizona Association of School Business Officials ("School Associations") filed an application for rehearing of Decision No. 74846. On January 22, 2015, the Commission granted rehearing for the limited purpose of allowing more time for further consideration of the School Associations' request that would have otherwise been deemed denied by operation of law.

The School Associations argue that the Decision is unlawful for two reasons. First, according to the School Associations, the Decision approves a revenue increase of \$57.05 million but makes no finding of fair value as required by Art. 15, § 14 of the Arizona Constitution.

...

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Decision No. _____

1 Staff notes that the rate case remained open pending the filing by APS of its Four Corners
2 Rate Rider application. The fair value rate base in Decision No. 78183 is \$8,167,126,000. The Four
3 Corners acquisition resulted in a \$225,933,911 addition to the FVRB found in Decision No. 78183.
4 Thus, the total FVRB rate base including the Four Corners acquisition is \$8,393,059,911.

5 Second, the School Associations allege that the rate increase is unlawful because there was no
6 analysis or discussion in Decision No. 74876 regarding the financial information submitted by APS
7 and more specifically APS' earnings.

8 Staff notes that APS submitted updated financial information related to the Four Corners
9 acquisition as required by Decision No. 78183. Contrary to the School Associations' argument, the
10 Staff and others reviewed and analyzed all of the information submitted by APS. The conclusions
11 regarding this analysis were presented at the evidentiary hearing on this matter, and considered by the
12 ALJ.

13 Accordingly, Staff recommends that the Commission grant rehearing for the sole purpose of
14 clarifying the two points raised by the School Associations. Staff recommends that the Commission
15 include the following two findings of fact to clarify the points raised in the School Associations'
16 rehearing request:

- 17 1. The Four Corners acquisition results in a \$225,933,911 addition to the FVRB
18 of \$8,167,126,000 found in Decision No. 78183, for a total FVRB of
19 \$8,393,059,911.
- 20 2. Contrary to the School Associations' argument at page 3 of its request for
21 rehearing, APS filed updated financial information related to the Company's
22 earnings and return. The Commission and Staff carefully considered that
23 updated information in this matter. No party, including the School
24 Associations, challenged APS's updated numbers or offered any alternative
25 calculations for the Commission to consider.

26 Staff further recommends that all other findings and requirements of Decision No. 74876
27 remain unchanged and in effect.

1 CONCLUSIONS OF LAW

2 1. APS is a public service corporation as defined in Art. 15 § 2 of the Arizona
3 Constitution.

4 2. The School Associations filed a timely request for rehearing pursuant to A.R.S. § 40-
5 253.

6 3. The Commission has jurisdiction over the subject matter of the School Associations'
7 request.

8 4. It is in the public interest to grant the request for rehearing filed by the School
9 Associations to the extent discussed in this Order.

10 ORDER

11 IT IS THEREFORE ORDERED that the request for rehearing of Decision No. 74876 filed by
12 the Arizona School Boards Association and the Arizona Association of School Business Officials is
13 granted to the extent discussed above.

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1 IT IS FURTHER ORDERED that all other findings and requirements of Decision No. 74848
2 are unchanged and remain in effect.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4
5 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

6
7 _____
8 CHAIRMAN

COMMISSIONER

9
10 _____
11 COMMISSIONER

COMMISSIONER

COMMISSIONER

12 IN WITNESS WHEREOF, I, JODI JERICH, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto, set my hand and caused the official seal of this
15 Commission to be affixed at the Capitol, in the City of
16 Phoenix, this ____ day of _____, 2015.

17 _____
18 JODI JERICH
19 EXECUTIVE DIRECTOR

20 DISSENT: _____

21 DISSENT: _____

22 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator,
23 Voice phone number 602-542-3931, e-mail aVWENl@XX.FOC.

24 Original and thirteen (13) copies
25 of the foregoing filed this
26 ____ day of _____ 2015 with:

27 Docket Control
28 Arizona Corporation Commission
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